

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF EDGAR J.) APPEAL NO. 06-A-3013
CUMMINS from the decision of the Board of) FINAL DECISION
Equalization of Blaine County for tax year 2006.) AND ORDER

RESIDENTIAL PROPERTY APPEAL

NOTICE OF APPEAL was filed on July 31, 2006, by Appellant taxpayer. The appeal followed a timely protest to the Board of Equalization regarding the valuation for taxing purposes of property described as Parcel No. RP 00246000012AA. On appeal, Edgar Cummins represented Appellant and Assessor Valdi Pace represented Respondent Blaine County. In order to timely advance the appeal, the Board of Tax Appeals (Board) ordered this appeal be heard on the written record of evidence and argument presented. The Board subsequently ordered all information and evidence to be considered be submitted by both parties. The Board now issues its decision based upon the documentary record.

The issue on appeal is the market value of an improved residential parcel.

The decision of the Blaine County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$900,900, and the improvements' valuation is \$814,388, totaling \$1,715,288. Appellant requests the total value be reduced to \$1,053,000.

The subject property is a 2.25 acre lot with a 3,747 square foot residence built in 1991. Subject is located in Gimlet Subdivision between Ketchum and Hailey, Idaho.

Appellant first objected to Respondent's sales because they were different than those presented at the BOE hearing. Appellant then challenged the comparability of the sales by noting the deficiencies found in subject, including a dysfunctional and lower-grade interior, as well as, "compromised" views caused by the construction of two tennis courts enclosed by chain-link fences on adjacent lots. It was also contended a portion of the subject lot was unusable because

of building and irrigation restrictions.

Appellant referenced the sales properties presented by the Assessor at the BOE hearing to support the proposed value of subject. A table was prepared which showed assessed land values of four improved sales ranged between \$136,000 and \$391,000 per acre for lots between 1.6 and 12.4 acres. The assessed value of the improvements' ranged from \$201 to \$308 per square foot for residences which ranged in size from 3,292 to 5,402 square feet. Subject's 2.25 acres were assessed for approximately \$400,000 per acre and the 3,747 square foot residence was assessed for \$226 per square foot.

Appellant utilized three valuation approaches to arrive at subject's proposed value. The first proposal compared the assessed values of two properties to arrive at assessed values for subject land and improvements. Another method involved a nearby property that both parties agreed was comparable to subject during an appeal in 2000. Appellant applied an annual compound growth rate of 8% to the 2000 sale price per square foot to arrive at a 2006 value. The third method was based on the subject value determined by this Board in 2003, with a growth rate applied. The average of these three valuations resulted in subject's proposed value of \$1,053,000.

Appellant also rebutted several items in Respondent's brief. First was the use of "averages and ratios" to value subject, which was argued "understate[s] the value of the better properties and overstate[s] the value of the less desirable properties", and is contrary to Idaho law. Next was the significance of subject's 2001 remodel. Appellant asserted that a \$45,000 remodel on a house with subject's value is not "significant" as termed by Respondent.

Respondent began by noting the market in subject's area had seen tremendous price growth over the past five years. Ratio studies, comparisons of assessed value to sale prices,

indicated trends were required each year to maintain market value of all property in the county. The Assessor described the various trends. The 2006 assessed values were arrived at through trends applied to all properties in subject's subdivision. The 2006 increase in subject land was 37%, and the increase in the improvements assessment was 8%, for an overall increase of 21%.

Respondent provided three vacant land sales and the price per acre. These properties were within close proximity to subject and two of the sales were within the same subdivision. The Assessor noted the parcels were assessed on a site bases rather than on a per acre basis. However, broken down to a per acre price, 1.40 acres sold for \$607,000 per acre, 2.19 acres sold for \$587,671 per acre and 2.37 acres sold for \$485,000 per acre. In comparison, subject land is assessed for \$400,400 per acre.

Five 2005 improved sales were also presented for comparison to subject and varied in size, age, and quality. Three of the sales were located in subject's subdivision and the other two sales were located between one-half mile and three miles from subject. In this analysis, the Assessor calculated the overall sale price per improved square foot. The lowest price was \$547 for the smallest improvement of 3,099 square feet, \$765 for 3,292 square feet, \$538 for 3,525 square feet, \$500 for 4,748 square feet and \$579 for 5,402 square feet. Subject property is assessed for \$458 per square foot in comparison.

The Assessor explained characteristics varied between the sales and subject including land size, construction quality, age and square footage. However, the Assessor maintained these were the best sales available for comparison to subject.

The Assessor noted Appellant requested a value adjustment of 33% to 35%, and maintained current assessments were in compliance with market value requirements.

Appellant's written rebuttal of the Assessor's brief maintained the five properties which

were compared to subject were not comparable. Appellant disputed the use of averages and ratios to value subject. He contended subject can not be compared to higher-priced homes, and averages cannot be used to justify property values.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purpose of taxation, Idaho requires that property be valued at market value as defined in Idaho Code § 63-201(10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Respondent offered five improved sales and three vacant land sales in close proximity to subject for comparison purposes.

Appellant challenged the comparability of subject land and improvements to the sales and maintained they simply were not comparable.

The value of property for purposes of taxation determined by an assessor is presumed correct, and the burden of proof is on the taxpayer to show by [a preponderance of] evidence that the taxpayer is entitled to the relief claimed. Merris v. Ada County, 100 Idaho 59, 64, 593 P.2d 394, 399 (1979).

Factual determinations are not erroneous when supported by competent and substantial evidence even though conflicting evidence exists. Wulff v. Sun Valley Co., 127 Idaho 71, 73-74,

896 P.2d 979, 981-82 (1995).

There were recognized differences between the sale properties and subject. The price per square foot analysis of sales as well as the comparison of assessed values per square foot demonstrate the assessment of subject land and improvements are not excessive.

Respondent referenced market value as the assessment standard. Ratio studies are conducted to compare assessed values to sale prices. The studies indicate whether all property is assessed equitably and at market value within a county. Results of the ratio study indicated trends of previous assessed values were required.

Idaho Code § 63-314. County valuation program to be carried on by assessor.

(1) It shall be the duty of the county assessor of each county in the state to conduct and carry out a continuing program of valuation of all taxable properties under his jurisdiction pursuant to such rules as the state tax commission may prescribe, to the end that all parcels of property under the assessor's jurisdiction are assessed at current market value. In order to promote uniform assessment of property in the state of Idaho, taxable property shall be appraised or indexed annually to reflect current market value. In order to achieve this goal, at least twenty percent (20%) of the taxable properties in the county shall be included in each year's appraisal, resulting in a complete appraisal of all taxable property every five (5) years, except as provided in subsection (6) of this section. Annually, all taxable property, not actually appraised each year, **shall be indexed to reflect current market value** for assessment purposes using market value property transactions and results of the annual appraisal of twenty percent (20%) of the taxable property... (emphasis added)

The court will grant relief where the valuation fixed by the assessor is manifestly excessive, fraudulent or oppressive; or arbitrary, capricious and erroneous resulting in discrimination against the taxpayer. Roeder Holdings, L.L.C. v. BOE of Ada County, 136 Idaho 809, 41 P.3d 237 (2001); Merris.

Appellant claimed flaws in the assessment of subject, however failed to demonstrate

specific errors. The assessed values are reasonably supported by the vacant land sales and improved sales submitted by the Assessor. We find the assessment is therefore not arbitrary and error has not been demonstrated.

Under these circumstances, the decision of the Blaine County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Blaine County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

DATED this 1st day of May 2007.